



State Board of Equalization

News Release

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For Immediate Release
December 18, 2014

NR 168-14-G
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BOE Hears Tax Exemption Clarification for Hydroponic Farmers

Sacramento – The California State Board of Equalization (BOE) conducted a public hearing and moved forward with regulation amendments clarifying that hydroponic farmers qualify for the sales and use tax exemptions for fertilizer.

The simple regulatory changes add carbon dioxide (CO₂) to the definition of fertilizer and emphasize that fertilizer does not need to be applied to land to qualify for the exemption. This means those who buy carbon dioxide for use as a fertilizer in hydroponic farming do not have to pay sales or use tax on the carbon dioxide.

The regulation amendments will now be submitted to the Office of Administrative Law. If approved, they will become effective April 1, 2015. This exemption will apply retroactively.

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The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects \$56 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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